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# CURRENT INTELLIGENCE WEEKLY SUMMARY



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**CONFIDENTIAL****CURRENT INTELLIGENCE WEEKLY SUMMARY****11 June 1959****T H E   W E E K   I N   B R I E F****PART I****OF IMMEDIATE INTEREST****EAST-WEST NEGOTIATIONS . . . . . Page 1**

The USSR's new proposal for an "interim settlement" of the Berlin problem apparently was designed to confront the Western powers with a choice between taking the initiative to break off the talks or abandoning their insistence on an explicit Soviet reaffirmation of Allied rights in Berlin. Although the Soviet leaders presumably expected immediate rejection of their proposal, they probably hoped this move would prompt an initiative by at least one of the Western powers to prevent a breakoff and a subsequent sharpening of the Berlin crisis. If the Western powers refuse to modify their position, however, Moscow appears willing to accept an early breakoff on the calculation that a period of intensified pressure will eventually induce the West to make additional concessions on Berlin, Germany, and European security and to resume negotiations on terms more favorable to the USSR.

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**PART II****NOTES AND COMMENTS****MIDDLE EAST HIGHLIGHTS . . . . . Page 1**

The Iraqi Communists may be attempting to generate new pressures on Qasim to take further action against anti-Communist elements; in general, however, Iraq appears

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**PART II (continued)**

relatively quiet. In the Sudan, the Abboud regime, engaged in restoring discipline in the army, now may be faced with increasing demands for greater civilian participation in the government. Israel is awaiting the outcome of diplomatic efforts before taking the Suez Canal shipping issue to the UN Security Council. The Jordan-UAR border remains closed following the incident there last week, and the UAR is undertaking a "restrained" propaganda campaign against King Husayn. Considerable political maneuvering is likely in Lebanon following the expiration of the Karami government's emergency powers.

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**THE UAR'S NATIONAL UNION ELECTIONS . . . . . Page 3**

The Nasir regime on 15 July will hold a popular election--the first since the formation of the UAR--to choose 60,000 members for the country's only political organization, the National Union. Successful candidates will begin the task of organizing almost every facet of UAR political life through the formation of local and provincial councils and will furnish the cadre from which Nasir will choose the first UAR national assembly. The authoritarian government may hope the results will give it a new basis of strength through ostensible public participation in shaping UAR policies.

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**LAOS . . . . . Page 4**

The Laotian Army has abandoned its attempt to round up the rebellious Pathet Lao battalion. The government decision to free the top pro-Communist leaders from house arrest was bitterly disputed in the cabinet by young civilian and military reformers. They remain unreconciled to the premier's policy of "moderation," and the divergence of views may revive the factional disputes that preoccupied the government in February and March. The Communist bloc has brought new charges of a projected "military alliance" between South Vietnam and Laos to support its campaign for the reconvening of the International Control Commission.

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**INDONESIA . . . . . Page 5**

Indonesia has remained outwardly calm since the Constituent Assembly's rejection of President Sukarno's request for readoption of the 1945 constitution. It appears likely that the army decree of 2 June banning political activity will preserve the status quo until President Sukarno's return to Djakarta on 28 June, after which he is expected to take some form of action to put the 1945 constitution into effect and form a new presidential cabinet.

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**PART II (continued)****MALAYA . . . . . Page 6**

The sweeping victories of the ruling Alliance party in the Federation of Malaya's eight state assembly elections foreshadow its continued domination of national affairs following the general elections in August. Despite the victories of the multiracial Alliance, there is a tendency for Chinese and Malayan votes to polarize along racial lines. The Malayan leaders view the recent victory of the left-wing People's Action party in Singapore as a threat to Malaya, believing that the party intends to establish itself in the Federation in an effort to win control of Malaya's large Chinese minority.

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**DRIVE TO OUST COMMUNIST GOVERNMENT IN INDIA'S KERALA STATE . . . . . Page 6**

A coalition of non-Communist political and communal groups in India's Kerala State appears to be moving toward a showdown with the Communist state government. The Communists have frustrated previous opposition attacks but now appear to be facing a more unified and determined effort. Nehru has instructed his followers to avoid violence, but extremists' attempts to provoke Communist police units to use force may lead to serious clashes.

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**ETHIOPIAN EMPEROR TO VISIT MOSCOW . . . . . Page 8**

Emperor Haile Selassie of Ethiopia apparently hopes his forthcoming visits to Moscow, Prague, and Cairo will convince African leaders of Ethiopia's independence from the West and thereby further enhance his stature as a leader in the pan-African movement. Although Selassie may be willing to accept limited credits from Moscow, Soviet efforts to establish closer ties with Addis Ababa and to undermine Ethiopia's relationship with the United States are unlikely to succeed.

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**OPPOSITION TO CASTRO GOVERNMENT GROWING . . . . . Page 9**

Plotting against Fidel Castro's regime is apparently increasing among numerous groups in Cuba and in exile, although they lack unity. No attempt to overthrow Castro is likely to succeed at this time, but economic stagnation and increasing doubts about the competence and political orientation of the new administration are crystallizing the opposition. The recently promulgated Agrarian Reform Law has provoked strong resentment among landowners and may impel some of them to counterrevolutionary activity.

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Nicaraguan President Somoza has overcome the immediate threat to his regime but still faces a militant domestic opposition and possible new invasion attempts. The businessmen's strike in the capital, which began on 1 June, had ended by 8 June. Most of the men in the two small rebel groups flown in from Costa Rica are reported to have surrendered on 11 June. Further outbreaks of civil resistance may occur, however.

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**VIOLENCE IN ECUADOR . . . . . Page 10**

Conservative President Ponce of Ecuador has overcome the most serious challenge to his government's stability since its inauguration in September 1956. Communists and other extremists tried to exploit two days of violence touched off by student groups in Guayaquil, but order was restored under martial law. Ponce faces possible further threats to stability from the followers of former President Velasco, who has considerable support among senior- and middle-level officers in the armed forces.

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**IMPLICATIONS OF THE SICILIAN REGIONAL ELECTIONS . . . . . Page 11**

Solid gains in the 7 June Sicilian elections by Silvio Milazzo's Christian Social Union pose new problems on a national scale for the Italian Christian Democratic party (CD). If regular Christian Democrats join with Milazzo, who founded his new party after he was expelled in October 1958 from the CD for dissidence, in forming a new regional government, it will probably aggravate tendencies toward disunity among national CD leaders and throughout the rank and file.

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**SPAIN'S RELATIONS WITH MOROCCO . . . . . Page 13**

Spanish-Moroccan relations, marred in the winter of 1957-58 by armed clashes within Spain's enclave of Ifni, now are maintaining the cordial atmosphere established in April by Moroccan Premier Ibrahim's talks with top Spanish Government leaders. These relations may soon become ruffled, however, if Madrid persists in stalling in the face of rising Moroccan pressure for evacuation of Spanish troops. The recently established joint commission on mutual problems of a technical nature is to meet again early next month, but little progress is anticipated.

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**PART II (continued)****DE VALERA RETIRING TO IRISH PRESIDENCY . . . . . Page 14**

The election on 17 June will probably mark a turning point in Ireland's political development. Eamon de Valera, who for three decades has dominated the Irish scene, is assured of the ceremonial position of president. His probable successor as prime minister is his chief lieutenant, Sean Lemass. A referendum on the same day will probably abolish proportional representation and thereby facilitate the retirement of other veteran politicians and the eventual emergence of a two-party system.

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**AGRICULTURAL POLICY IN YUGOSLAVIA . . . . . Page 15**

Partly in response to bloc charges that Yugoslavia is encouraging the restoration of capitalism in the countryside, Yugoslav Vice President Kardelj reaffirmed in May that Belgrade's long-range goal is the "socialization" of agriculture. He stressed, however, that the regime intends to continue its gradual approach, concentrating on the expansion of Yugoslavia's state farms and modest pressure on the private farmer to engage in cooperative activity. This course, the regime feels, is justified by past and prospective successes in agricultural production, particularly the record crop expected this year.

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**USSR REVALUES CAPITAL EQUIPMENT . . . . . Page 16**

A nationwide revaluation of fixed assets in the Soviet economy, first announced three years ago, is to be carried out as of 1 January 1960. The revaluation is the first such comprehensive program since 1925. Based on 1955 prices, it is expected to result in an over-all increase in the valuation of capital equipment and to be accompanied by an increase in amortization rates which will reflect a greater consideration of technological obsolescence.

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**PART III****PATTERNS AND PERSPECTIVES****KHRUSHCHEV AND SOVIET IDEOLOGICAL SUPREMACY . . . . . Page 1**

At the specially summoned 21st party congress in February, Khrushchev asserted primacy in matters of Marxist doctrine. He placed the seal of orthodoxy on his entire program, probably hoping to correct the ideological confusion that arose from the air of improvisation inherent in some of his programs. Moreover, he has attempted to

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provide the international Communist movement with a fountainhead of theory and interpretation lacking since the death of Stalin--a move intended to check the erosion of Soviet leadership and bloc unity caused by Yugoslav heresies and Chinese claims to have found in the communes a short cut to Communism. [REDACTED]

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**CIVIL DEFENSE PREPARATIONS IN EASTERN EUROPE . . . . . Page 4**

All East European satellite countries have increased civil defense preparations during the past two years. The present level of preparedness varies, but three or more satellites have introduced universal, compulsory civil defense training--including measures against atomic and biological attack; have begun organizing special civil defense troops; held air-raid drills in selected cities; sent civil defense officials to the USSR for extended periods of training; and are continuing construction of air-raid shelters. The tempo of activity and a few target dates mentioned in connection with civil defense training suggest that some predetermined level of preparedness is planned for 1960 or 1961. [REDACTED]

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**CHINESE NATIONALIST FORCES . . . . . Page 9**

Nationalist China's armed forces continued to improve during 1958. However, they are not capable of defending Taiwan and the Penghu Islands against an all-out Chinese Communist attack without American air, naval, and logistical support. They could hold out only from four days to two weeks on the offshore islands. Improvement can be expected to continue, but at a slower pace, as present reorganization plans near completion. Inflationary pressures are forcing consideration of strength reductions, and, as the government's objective of a return to the mainland becomes less and less likely of fulfillment, increased efforts probably will be necessary to maintain efficiency and satisfactory morale. [REDACTED]

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**PART I****OF IMMEDIATE INTEREST****EAST-WEST NEGOTIATIONS**

Foreign Minister Gromyko's proposal at Geneva for an "interim solution" of the Berlin problem, introduced

in the plenary session on 10 June, was a major bid to crack the hitherto unified Western position demanding an explicit Soviet reaffirmation of Allied rights in West Berlin. Gromyko's offer to permit the Western powers to maintain "certain occupation rights" in West Berlin for one year, which he portrayed as an effort to find common ground for an agreement, was apparently designed to compel the Western ministers either to modify their position and accept a compromise which would omit any reference to Allied rights or to take the initiative in breaking off the talks.

Khrushchev's interview on 6 June with the Hungarian press agency was intended to underscore the firmness of the Soviet stand. The USSR, he declared, "cannot under any pressure accept an agreement which perpetuates the occupation regime in West Berlin." This statement was in reply to President Eisenhower's call in his press conference of 3 June for a clear Soviet commitment reaffirming Western rights in Berlin. Khrushchev's firm tone was intended as a warning that Moscow was under no compulsion to make concessions, particularly on Berlin, in order to ensure the holding of a summit meeting. He said the

question of whether there would be a meeting was entirely in the hands of the Western leaders. If they do not desire to solve outstanding questions, he declared, then the meeting "naturally will not take place and world opinion will be able to see who is to blame for the frustration of the summit conference."

Although the Soviet leaders presumably expected an immediate Western rejection of the harsh terms of the new proposal, they probably hoped it would have the effect of prompting at least one of the Allies to take the initiative to prevent a breakoff and a subsequent sharpening of the Berlin crisis. If the Western ministers refuse to abandon or defer the question of Allied rights in West Berlin, however, Moscow seems prepared for an early breakoff on the calculation that a period of intensified pressure will eventually induce the West to make additional concessions on Berlin, Germany, and European security and to resume negotiations on terms more favorable to the USSR.

Soviet spokesmen moved quickly to place the West in a difficult position in rejecting the new Berlin proposal. Deputy Foreign Minister Zorin indignantly denied that the one-year period of grace constitutes an ultimatum. He called on the Western ministers to present their own proposals if they do

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not find the one-year time  
limit "suitable."

The USSR probably envisages a gradual increase in pressure on Berlin in the event of a breakoff. Gromyko's new proposal, however, did not appear to foreshadow any early unilateral action. He implied that the USSR would not sign a separate peace treaty with East Germany during the one-year period established for discussions on reunification and peace treaty principles by an all-German committee. He warned, however, that if the Western powers or Bonn prevent agreement on a treaty with both German states during the "specified time limit," the USSR and other interested states "will be compelled to sign a peace treaty with the German Democratic Republic."

prospects for holding a summit meeting.

The conclusion of a separate treaty would not be required to establish a legal basis for a transfer of controls. The USSR and East Germany could simply terminate or replace the agreement contained in the exchange of letters between Zorin and East German Foreign Minister Bolz in September 1955 stating that these controls would be exercised "temporarily" by the USSR "pending conclusion of an appropriate agreement."

Nuclear Test Talks

Soviet tactics at the nuclear test talks, which resumed on 8 June after a four-week recess, suggest that Moscow is still interested in keeping this issue open for use as an additional inducement to the West to make concessions on Berlin to ensure holding a summit meeting. In an effort to demonstrate favorable prospects for agreement, Soviet delegate Tsarapkin pressed for an early discussion of control-post staffing, stressing this problem could be resolved without difficulty. However, Tsarapkin maintained his earlier position on the question of establishing an annual quota for inspections of suspected nuclear explosions. He indicated strong disagreement with the Western view that the number of inspections should be directly related to the total number of events detected each year which cannot be definitely identified

Khrushchev has repeatedly stated that the USSR would do nothing to change the present situation in West Berlin as long as talks are in progress. However, the possibility of unilateral Soviet action to transfer access controls cannot be excluded in view of Gromyko's move to force a showdown at Geneva and Khrushchev's more pessimistic attitude toward

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as natural phenomena and are therefore suspected of being nuclear explosions. Tsarapkin showed surprise at the British position in particular, recalling that Prime Minister Macmillan had not referred to such a relationship in discussing his idea for an annual inspection quota with Khrushchev.

East Germany

A high-level East German delegation headed by party boss Ulbricht and Premier Grotewohl is touring the USSR, ostensibly to return the visit of Premier Khrushchev to East Germany in March. The inclusion of representatives of all the parties composing the East German national front is intended to present an appearance of national unity, while the presence of the chief of the State Planning Office suggests that economic measures are to be discussed, perhaps including further Soviet support for East Germany's campaign to overtake the West German standard of living.

While Soviet and East German leaders probably will repeat the standard position on the eventual conclusion of a separate peace treaty to bring pressure on the West at Geneva, First Deputy Premier Mikoyan stated that signature of a treaty was not the purpose of the visit.

The East German regime has begun to threaten West German access to West Berlin in an apparent attempt to suggest that the city's ties with Bonn may soon be undercut. On 6 June, propaganda spokesman Gerhard Eisler, in an editorial in the Berliner Zeitung, declared that East German "workers" have proposed that if the election of the West German president is held in West Berlin, a blockade should be instituted for the duration of the election. An East Berlin newspaper declared on 4 June that tolls paid by Western users of the autobahn did not cover the expense of maintenance, possibly foreshadowing some future move to demand higher tolls.

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At the same time, Ulbricht declared that the status quo could not be maintained in West Berlin and reiterated the East German offer of guarantees of maintenance of normal traffic to the "free city." He also made clear that East Germany has not abandoned its claims to "sovereignty" over the whole city, stating that West Berlin belongs to East Germany, "just as much

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as Washington belongs to the United States."

West Germany

Although Adenauer has claimed that the "deteriorating" international situation was the main reason for his decision to remain chancellor, most Bonn observers discount foreign policy as a major issue in the internal controversy. Adenauer informed his party on 5 June that if there is some success at the foreign ministers' conference, a "series" of summit conferences is likely, during

which "vigilance and caution" will be required. He also stressed that if the Geneva meeting fails, the political situation will be more "difficult and unpleasant." For these reasons, Adenauer said, he could not accept the responsibility for leaving office.

The internal situation in Bonn does not appear to have had any immediate effect on West Germany's position at the Geneva conference.

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## PART II

NOTES AND COMMENTS

## MIDDLE EAST HIGHLIGHTS

Iraq

Iraq appears relatively quiet internally. The Iraqi Communists, following their retreat on the issue of the formal legalization of political party activity, have returned to the themes of their earlier demands for the execution of imprisoned "traitors," for new vigilance against enemies of the people in government departments, and of the imminence of new plots launched by the Western "imperialists" by means of the Baghdad Pact. It remains to be seen whether this kind of pressure, expressed in the publication of "petitions" to Qasim, and which seemed to be fairly effective early this year, will be equally so in an atmosphere less favorable to the Communists.

Sudan

In a move to demonstrate its determination to restore army discipline, the Abboud military government in the Sudan has made preparations for public court-martial proceedings against Brigadiers Shannan and Abdullah and the junior officers implicated in the coup attempt of 22 May.

The government has announced the formation of a five-man military court headed by Supreme Council Member and Minister of Information Maj. Gen. Muhammad

Talaat Farid. According to the Sudanese press, Farid has stated that "no jokes or irrelevant asides will be permitted in these trials--in contrast to the situation in certain other countries."

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the arrests of Communist and Communist-front leaders began well before the coup attempt and appear to have been part of a general program by the Ministry of Interior for tighter enforcement of security regulations.

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Irrespective of his success in dealing with the problem of dissident elements within the army, Abboud will face continuing pressures for greater civilian participation in the government. The strongest of these can be expected to come from the leaders of the Ansar religious sect and its Umma party. Saddiq al-Mahdi, the Ansar sect leader, has already told Abboud of his dissatisfaction with the present

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military government and has called for such major revisions as a smaller supreme council to include civilian as well as military members, a cabinet almost entirely civilian, and a large advisory council composed of representative members of all groups in the country.

The UAR has made new cordial overtures toward the Abboud government during the past week, speaking of "improvements" in UAR-Sudanese trade and financial arrangements. In an exchange of notes with the Abboud government, it has reiterated its willingness to resume negotiations on the Nile-waters problem at any time the Sudan chooses. There is, however, no evidence that either side is prepared to make the concessions necessary for a Nile-waters settlement.

**Israel**

The Israeli Government has indicated it is willing to await the outcome of further diplomatic efforts to obtain a "clarification" of the UAR's position on freedom of transit of the Suez Canal. The Israelis still say they intend to take the issue to the UN Security Council if these efforts are unavailing. Tel Aviv has abandoned the idea of a special session of the UN General Assembly to hear its complaint, however, since few delegates apparently were willing to face the prospect of a summer meeting in New York.

The Inge Toft, the Danish freighter [redacted]

[redacted] which the UAR is detaining, still has its cargo aboard, and the crew [redacted]

sight-seeing in Egypt. There seems to be little if any relationship between the Inge Toft case and the UAR-Israeli air skirmish over Sinai on 7 June; the Israelis may have been making one of their periodic reconnaissances of UAR military bases, some of which may have been strengthened recently.

**Jordan**

The UAR-Jordan border remains closed as a result of an incident last week between Syrian and Jordanian frontier guards. Cairo has also ordered a "restrained" propaganda campaign against King Husayn; the Damascus press in particular reflects this order.

The Jordanian Government does not appear particularly disturbed by this development. It is in better condition to cope with the road closure than it was last year, when a larger proportion of its imports came from Beirut via Syria. Probably more than half of Jordan's total imports--including the bulk of its petroleum needs except aviation gasoline--now enter through the seaport of Aqaba and are transported by truck and rail to the northern centers of population. A prolonged closure, however, would increase the problems of the relatively weak Majalli government and almost certainly lead to Jordanian pressure for more Western assistance.

**Lebanon**

The emergency powers granted the Lebanese cabinet last fall, as part of the settlement which

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ended the 1958 civil disorders,  
expire on 13 June.

serious internal disorder de-  
spite a reorganization which  
is under way.

An agreement between the  
Karami government and the Iraq  
Petroleum Company (IPC) was an-  
nounced last week which increas-  
es Lebanon's annual oil pipe-  
line revenues from \$1,008,000  
to about \$3,433,000 and which  
gives Lebanon another \$16,174,-  
040 in payment of back claims.  
The agreement, which was prear-  
ranged by Karami with the IPC,  
should give the prime minister  
additional prestige at a par-  
ticularly useful time.

negotiations for enlarging the  
government could, nevertheless,  
lead to an increase of confes-  
sional and political tensions,  
and the security forces are  
still not in shape to control

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**THE UAR'S NATIONAL UNION ELECTIONS**

President Nasir on 8 June  
designated 15 July for the first  
election of members for the UAR's  
only political organization, the  
National Union. The Syrian and  
Egyptian national parliaments  
and political parties were dis-  
solved at the time of the for-  
mation of the UAR in February  
1958.

The National Union, pre-  
sided over by the UAR Presi-  
dent, is Nasir's concept of  
a mechanism for organizing and  
expressing the political de-  
sires of the public and avoid-  
ing the factional divisions  
which have plagued multiparty  
systems. The regime and the  
appointed members of the pres-  
ent skeleton National Union or-  
ganization have conducted a  
long and strenuous propaganda  
campaign to indoctrinate the  
UAR public along these lines.  
The election to membership in  
the National Union apparently  
will be the only chance for  
political expression open to  
UAR voters, many of whom have  
been dissatisfied with the lack  
of public participation in the  
shaping of government policies.

The UAR's eight million  
voters will choose the 60,000

members who will fill out the  
National Union. Members will  
then serve on local councils,  
which will form the foundation  
of the UAR's political system.  
The local councils will select  
members for 33 provincial coun-  
cils which will serve as pro-  
vincial parliaments. These  
parliaments will then select a  
general congress of the Nation-  
al Union, from which Nasir will  
select members of a new nation-  
al assembly to meet in November.  
Regime-controlled screening  
committees will probably elimi-  
nate or "neutralize" undesir-  
able elements both before and  
after the 15 July election.  
Communists, for example, are  
already ineligible for member-  
ship in the union and thus are  
automatically barred from the  
assembly.

Despite the probable ef-  
forts to control selection, some  
outright regime opponents--as  
well as numerous individuals  
who differ with specific aspects  
of regime policy--are likely to  
gain membership. The UAR con-  
stitution provides, moreover,  
that at least half the members  
of the new assembly, the size

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This treatment is largely designed to continue to play on Nehru's desire to reconvene the Laotian ICC--a desire he again expressed at his 10 June press conference following Britain's formal rejection of Moscow's request that the commission be revived.

During the past week Soviet Foreign Minister Gromyko, apparently reluctant to divert his diplomatic efforts at Geneva to ICC affairs, has nevertheless continuously pressed Britain--cochairman with the USSR of the 1954 Geneva conference on Indochina--to agree to a joint statement calling on Laos to observe the Geneva agreements and requesting that the ICC in Laos be reconvened.

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The volume and content of bloc propaganda indicate that the Communists are especially sensitive to the possibility that the pro-Western Sananikone government may bring Laos into SEATO. Despite Moscow's disinterest in ICC affairs in the past and Britain's rejection of Soviet approaches, bloc officials can be expected to renew diplomatic and propaganda pressures to reactivate the ICC, as well as to continue its efforts to prevent Vientiane from restricting activities of the NLHZ.

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**INDONESIA**

Indonesia has remained outwardly calm since the Constituent Assembly's rejection on 2 June of President Sukarno's request for readoption of the 1945 constitution. It appears likely that the army decree of 2 June banning political activity and the subsequent order keeping all troops at their posts will preserve the status quo until President Sukarno returns to Djakarta on 28 June from his round-the-world trip.

Most Indonesian officials believe Sukarno will take some form of action to put the 1945 constitution into effect. Besides resubmitting it to the Constituent Assembly, he could submit it to parliament, where a simple majority rather than a two-thirds majority could

pass it, or he could simply proclaim it by decree. All sources agree that a new cabinet will be formed sometime this summer and that it, like the Djuanda government, will be responsible to President Sukarno rather than to parliament. The army will press for increased representation in this cabinet, but its success in doing so will depend on Sukarno.

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The Communists are unlikely to defy the army ban, and, like other elements, will await Sukarno's decisions before deciding on their next moves.

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of which has not been announced, must be chosen from the membership of the separate Egyptian and Syrian assemblies in session at the time of the UAR formation. Among these former assemblymen were elements in varying degrees of opposition to the regime. Nasir will probably feel constrained to continue the tenure of locally popular individuals as a concession to public opinion, but the possibility of the formation of an effective dissenting bloc within the new assembly seems remote.

The regime apparently looks on the election as the most important step thus far in organizing grass-roots support for the National Union idea. Popular reaction to the plan has been largely apathetic, but the regime hopes that broadened public participation in the organization of UAR political life will become a new basis of strength. The success of the movement, however, will depend on whether this participation is real. The regime's authoritarian ways leave little room for genuine political freedom.

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**LAOS**

The Laotian Army has ended its ineffectual efforts to contain the rebellious Pathet Lao battalion, and the prospect of armed clashes near the Communist North Vietnamese frontier has greatly diminished. The future role of the battalion is unclear. It may operate as a guerrilla force in east-central Laos, or the troops may disperse to their native villages. In either case the activities of the units' 750 hard-core veterans will present an internal security problem.

The government has released the top pro-Communist leaders from house arrest and dropped plans to prosecute them for allegedly inciting the rebellion of former Pathet Lao troops. This decision to pursue a "moderate" policy toward the domestic pro-Communists was bitterly contested by the crown prince and civilian and military reformers in the cabinet. These elements apparently remain unreconciled to the government's policy. The crown prince may attempt to reverse the decision at a subsequent cabinet session.

This deep-seated divergence of views reflects the

basic conflict between the old-guard politicians and young reformers. The controversy may revive the factional disputes that plagued the government in February and March and served to divert its attention from important programs to restore popular confidence in the government.

There is no evidence that the Communist-front Neo Lao Hak Zat (NLHZ) party has switched its line calling for legal political competition. Despite the regime's initial moderation and its release of top NLHZ leaders, the party will probably fear new restrictions on its activity. The weakness demonstrated by the army during the past month, however, will probably cause the NLHZ to take a more optimistic view of its own prospects and opportunities for maneuver.

Hanoi and Peiping seem to be shifting their propaganda themes away from the "civil war" threat in Laos, re-emphasizing instead the threat to peace in "all of Indochina."

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**MALAYA**

The sweeping victories of the ruling Alliance party in the Federation of Malaya's eight state assembly elections during the past few weeks foreshadow its continued domination of national affairs following the general elections in August. So far, the pro-Western Alliance has won 175 of the 204 seats at stake in eight states and seems likely to dominate elections during the next few weeks in the remaining three states. Of the opposition parties, the Socialist Front has won a total of 17 seats; the People's Progressive party, eight seats; and the Pan-Malayan Islamic party (PMIP), one.

Despite these victories, there are a number of factors which have disturbing implications for the multiracial Alliance. Most of its losses came in areas with a predominantly Chinese population; the Malayan Chinese Association, the Chinese component of the Alliance, has never enjoyed solid support from the fragmented Chinese community.

More disturbing for the Alliance in the long run, however, is the increased support for the PMIP by the politically dominant Malays. While the PMIP has won only one seat, Malay support for it has averaged 35 percent in straight contests with the United Malay National Organization, the Malay

component of the Alliance. The PMIP is a narrow Malay-oriented party which advocates rule on strict Islamic principles; in multiracial Malaya such rule would almost certainly lead to conflict with the Chinese, who constitute more than 37 percent of the population.

Federation leaders also see a threat to Malaya in the recent overwhelming victory of the Communist-infiltrated People's Action party (PAP) in Singapore. Both the pro-Communist and the "moderate" wings of the PAP may hope to expand into the Federation, win the Chinese population away from the Alliance, and build a left-wing party which can achieve a merger of the two areas.

The Federation is already reluctantly involved in Singapore's internal affairs through the Internal Security Council being organized under Singapore's new constitution. The single Malayan representative will, in effect, hold the deciding vote in the seven-member council, which will also include three British and three Singapore representatives. The dilemma of the Malayan representative is that a UK-Singapore split will find Malaya accused of siding either with "colonialism" or with what it considers to be the leftist irresponsibility of the PAP.

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**DRIVE TO OUST COMMUNIST GOVERNMENT IN INDIA'S KERALA STATE**

A coalition of non-Communist political and communal groups in India's Kerala State appears to be moving toward a showdown with the Communist state government. The Congress

party in Kerala is opening a major political offensive on 12 June aimed at eventually forcing the Communists out of office. Continuing demonstrations by the Congress-led

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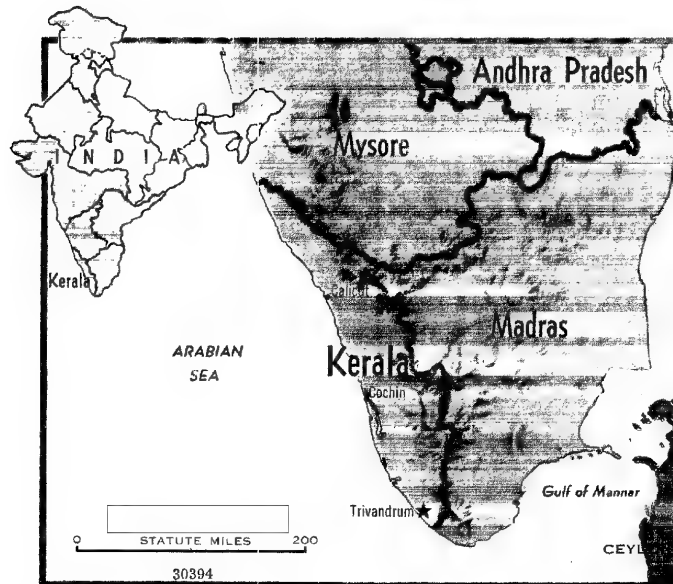
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opposition parties probably will merge with separate agitation by the Catholic community and by an influential Hindu group, planned to begin on 15 June in protest against the Communists' unpopular education policies.

National leaders of the Congress party have instructed the Kerala branch not to participate officially in the communal agitation, which is aimed at blocking the Communist government's attempt to extend its control over the large number of parochial schools in Kerala. The Congress high command has, however, consented to the opposition front's political campaign based on a manifesto citing Communist failures, on condition that the demonstrations remain nonviolent. Certain leaders, among them Prime Minister Nehru, apparently have hesitated to endorse the Congress agitation as long as there is little assurance that their party is strong enough to defeat the Communists in elections following ouster of the government.

Kerala's Communist leaders have demonstrated concern over the threat to their position by taking special security measures to counter the opposition effort. The Communist chief minister is making a speaking tour of India's big cities in an attempt to place the blame on the Congress party in advance for whatever difficulties develop in Kerala as a result of the agitation.



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A section of the national Communist leadership advocating immediate resignation of the Kerala government reportedly was voted down at a recent executive meeting in the state. This faction argued that the Communist ministry's conduct had already had a detrimental effect on the party elsewhere in India, and that repressive measures necessary to contain the present popular agitation would further damage Communist prestige.

Despite efforts to keep the demonstrations nonviolent, serious clashes are likely if extremists among the agitators succeed in provoking Communist police units to use force. The government has managed to frustrate previous opposition attacks, but now it appears to be facing a more unified and determined effort. Widespread disturbances could eventually lead New Delhi to suspend parliamentary government in Kerala and invoke President's Rule.

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**ETHIOPIAN EMPEROR TO VISIT MOSCOW**

The long-delayed trip of Ethiopian Emperor Haile Selassie to Moscow--scheduled to begin about 24 June--is being made in response to an oft-repeated invitation. Present plans apparently include a five-day visit to Cairo, approximately two weeks in Moscow, successive visits of three to five days in Prague, Brussels, Paris, Lisbon, and Bonn, and a ten-day stopover in Yugoslavia.

The primary objective of the trip probably is to convince the world--especially African leaders--of Ethiopia's independence from the West and interest in the pan-African movement. Haile Selassie may also hope the visit will induce Washington to accelerate its military and economic aid to his country.

The Ethiopian ruler will fly first to Cairo where, according to acting Prime Minister Aklilou, he will protest Radio Cairo's anti-Ethiopian propaganda and demand that the UAR refrain from participating in political activity in the Somali territories.

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Soviet officials will seek to impress the Emperor with the USSR's scientific and economic progress and will probably renew offers of aid and technical assistance. Although Selassie may be receptive to an offer of limited credits, his increasing concern over subversive and antiregime activities in Ethio-

pia probably will preclude the development of closer relations with Moscow. The USSR's policy of undermining Addis Ababa's relationship with the United States by promoting Ethiopian "neutralism" under the guise of Afro-Asian solidarity is unlikely to be successful.

Among the remaining visits to European capitals, only the stop in Paris is expected to produce significant results. The Emperor hopes in talks with President de Gaulle to confirm



HAILE SELASSIE

an identity of views in opposition to the formation of a greater Somali state and to revise the agreement regulating control and ownership of the Addis Ababa - Djibouti railway, which is largely French owned.

In Yugoslavia, Haile Selassie probably will press President Tito to implement aid offers made during his visit to Ethiopia last February.

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**OPPOSITION TO CASTRO GOVERNMENT GROWING**

25X1 [redacted]  
 25X1 [redacted] Sev-  
 eral clashes with government  
 forces in outlying provinces  
 have already been reported,  
 [redacted]

25X1 Opposition groups inside Cuba  
 apparently include both military  
 personnel on active duty and  
 disgruntled revolutionaries,  
 and they may have some ties with  
 exile groups. However, they  
 lack the capacity for unified  
 action.

25X1 Though an attempt to oust  
 Castro at this time would have  
 little chance of success, op-  
 position to him is crystallizing  
 as a result of economic stagna-  
 tion and increasing doubts about  
 the competence and political  
 orientation of Cuba's new admin-  
 istration. [redacted]

25X1 [redacted]  
 25X1 [redacted]  
 Much of the opposition  
 centers on the controversial

Agrarian Reform Law, and as-  
 sociations of tobacco, rice, and  
 sugar growers and cattle raisers  
 have made strong demands to  
 modify it. Because of opposi-  
 tion by moderate ministers,  
 Castro reportedly never put the  
 law to a cabinet vote but sud-  
 denly promulgated it on 3 June  
 because he realized that fur-  
 ther delay to consider revisions  
 could make promulgation impos-  
 sible. He apparently plans to  
 allow the pro-Communist director  
 of the powerful Agrarian In-  
 stitute to implement the drastic  
 provisions of the law immediately,  
 rather than with the delibera-  
 tion promised by the labor  
 minister on 28 May and recom-  
 mended by experts who support  
 the reform in principle but  
 fear the economic consequences  
 of its abrupt application.

Some of the affected land-  
 owners may be attracted to  
 counterrevolutionary action to  
 avoid expropriation of their  
 interests. Small tobacco farm-  
 ers in Pinar del Rio Province  
 have already shown angry defi-  
 ance of the law, and Castro has  
 scheduled a personal tour of the  
 area in the next few days. Sizable  
 troop reinforcements have been  
 sent there. [redacted]

25X1

**STATUS OF THE NICARAGUAN REVOLUTION**

25X1 President Luis Somoza has  
 overcome the immediate threat to  
 the Nicaraguan regime but still  
 faces a militant domestic op-  
 position and possible new in-  
 vasion attempts. The business-  
 men's strike in the capital,  
 which began on 1 June, had ended  
 by 8 June. [redacted]

25X1 [redacted]  
 The remaining rebel groups,  
 now estimated to number less than  
 50, are in two widely separated  
 locations about 75 to 100 miles  
 east of Managua. Composed chief-  
 ly of adherents of the opposition  
 Conservative party, they ap-  
 parently have not attracted the

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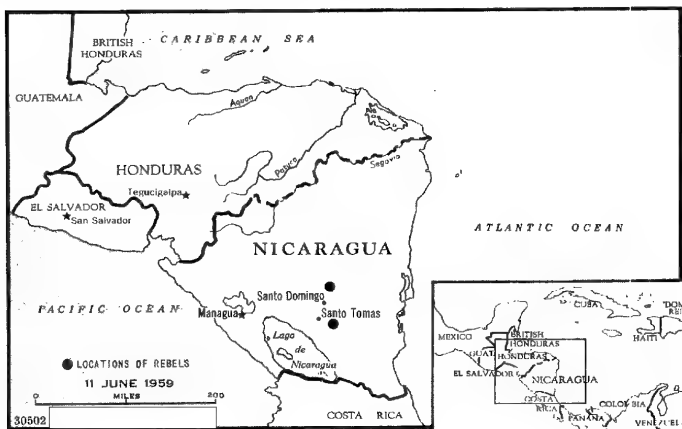
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numerous local recruits they expected, though the areas in which they landed have long been regarded as Conservative strongholds.

Enrique Lacayo Farfan, leader of the revolutionary move-

spread to organized labor and to become the general strike called for by the opposition. Its failure and the apparent simultaneous diminution of the wave of minor terroristic acts by the opposition have, at least for the time being, eliminated what was the most serious immediate threat to the regime. The National Guard appears to remain loyal.



ment, says his forces are prepared for a long fight. He apparently envisages the continuation of guerrilla and psychological warfare until the Nicaraguan populace joins in a general uprising. Ten days after the beginning of the revolt, however, it appears that the rebels may have miscalculated the degree of domestic opposition to the regime.

The businessmen's strike, which at its peak on 3 June affected up to 70 percent of the capital's business, failed to

and the anti-Communist former President of Costa Rica, Jose Figueres, was in Caracas the first week of June, probably seeking material support for the Nicaraguan revolt from Venezuelan President Betancourt.

**VIOLENCE IN ECUADOR**

Conservative President Ponce of Ecuador has overcome the most serious challenge to his government's stability since its inauguration in September

1956. Communists and other extremists tried to exploit two days of violence touched off by student groups in Guayaquil, but order was restored under

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martial law. Ponce faces possible further threats from the followers of former President Velasco, who has considerable support among senior- and middle-level officers in the armed forces.

The unrest in Guayaquil, Ecuador's largest city, was touched off by student demonstrations on 3 June in sympathy for civilian deaths in the provincial capital of Portoviejo, an army



zone headquarters and scene of rioting against the army on 29 May. Ponce decreed martial law and took strong army and police countermeasures. The heavy casualties--an estimated 25 dead and many times this number injured--will weaken the prestige of Ponce, who won the presidency with only 29 percent of

the total popular vote, and will make him vulnerable to sharp political attack. 25X1

the disaffected military elements who favor Velasco may be reluctant to take extreme measures at a time when presidential elections are only a year away and Velasco's prospects of election appear bright. 25X1

On the other hand, the Communists--whom the government blamed for the unrest 25X1  
25X1

-can be expected to cooperate with any opposition activity to embarrass the government. 25X1

Stabilizing factors include a sound economy and currency, the widespread public appreciation of the honor of holding the conference in Quito, and the nation's apparent pride in the fact that, after over two decades of continuous political upheaval, the two previous presidents have completed their constitutional terms. 25X1

**IMPLICATIONS OF THE SICILIAN REGIONAL ELECTIONS**

Solid gains in the 7 June Sicilian elections by Silvio Milazzo's Christian Social Union pose new problems on a national scale for the Italian Christian Democratic party (CD). If regular Christian Democrats join

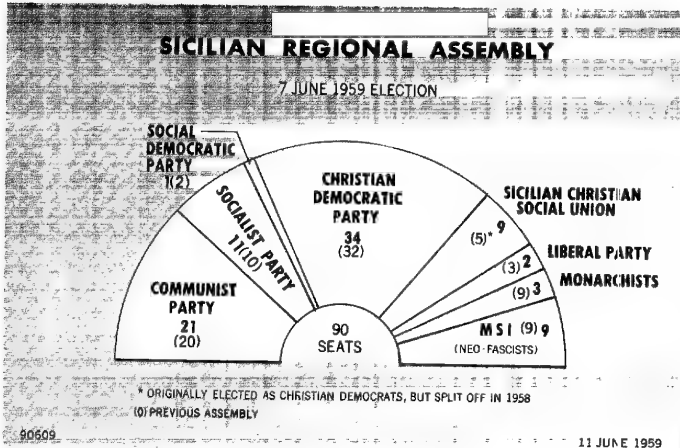
with Milazzo, who founded his new party after he was expelled in October 1958 from the CD for dissidence, in forming a new regional government, it will probably aggravate tendencies toward disunity among national

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may be the danger of rewarding rebellion. Party dissidents in various local administrations would be encouraged to follow Milazzo's example.

Serious difficulties would confront the Christian Democrats if they failed to reach an accord with Milazzo and are impelled to seek instead an agreement with the right, which in Sicily is now dominated by the neo-

Fascists. Concession of Sicilian cabinet posts to neo-Fascists would create new internal problems for the Christian Democrats whose "notables" would prefer to return to one-party rule. Dependence on the right in Sicily would probably expose Segni in Rome to new pressure to maintain his present conservative

CD leaders and throughout the rank and file. If, on the other hand, the Sicilian Christian Democrats form a coalition with the rightist parties, it will antagonize the left wing of the Christian Democrats on the national level.

Milazzo's union and the parties of the right now hold the balance of power in Sicily. He and the Christian Democrat national leadership seem disposed to try to reach an agreement on a coalition of his party and the regular CD. Milazzo can be expected to exact a high price for his collaboration, however, including key council seats and guarantees of greater Sicilian autonomy. His success has been based on a reform program aimed at Sicily's particular needs.

Milazzo's position on autonomy would be unpalatable to those national CD leaders who want their party to continue exercising effective control over the regional government's policies. It would also arouse distrust among the Monarchist and neo-Fascist supporters of Premier Segni's government who have always opposed the concept of regional autonomy. The biggest problem for the Christian Democrats in considering concessions to Milazzo, however,



MILAZZO

policies and perhaps to grant the rightists participation in his cabinet. Acceding to these demands would arouse the opposition of the Christian Democratic left wing and furnish the Communists and Nenni Socialists with powerful propaganda ammunition.

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**SPAIN'S RELATIONS WITH MOROCCO**

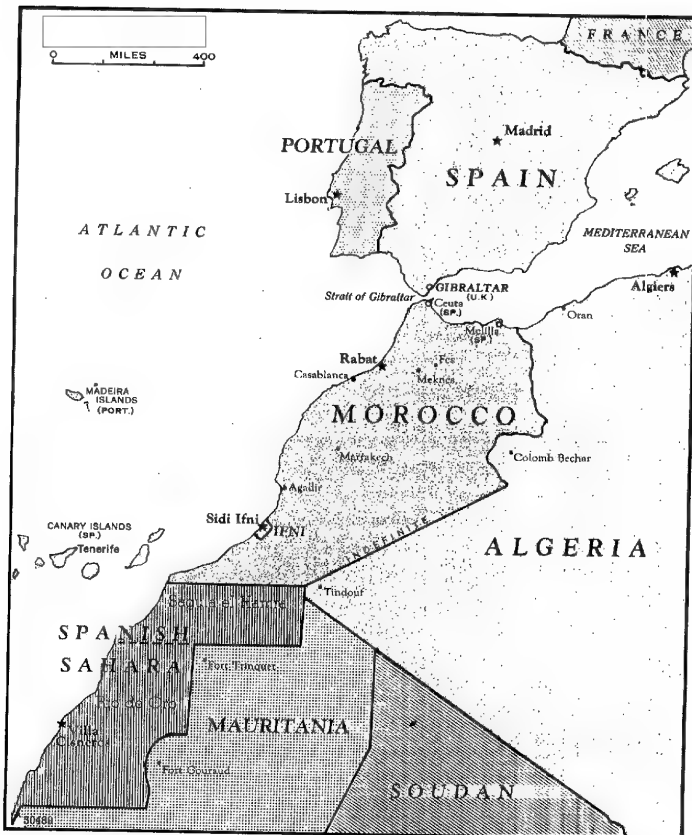
Spanish-Moroccan relations, marred in the winter of 1957-58 by armed clashes within Spain's enclave of Ifni, now are maintaining the cordial atmosphere established in April by Moroccan Premier Ibrahim's talks with top Spanish Government leaders. These relations may soon become ruffled, however, if Madrid persists in stalling in the face of rising Moroccan pressure for evacuation of Spanish troops.

When Ibrahim visited Madrid in mid-April, he was told that if good will were re-established and maintained between the two countries, Spain would be willing to discuss political issues in due course. The Spaniards made it clear that

political concessions in the face of Morocco's heretofore generally hostile attitude would be interpreted by domestic opinion as a Spanish capitulation.

Ceuta and Melilla, the Spanish garrison cities in northern Morocco, apparently were not discussed nor was the status of Spanish Sahara. It is doubtful that Ifni was discussed either. The Spanish Foreign Ministry has vehemently denied reports that Madrid agreed to yield that enclave in return for fishing rights and various commercial concessions. Morocco failed in its efforts to prod the Spaniards into further reduction of the 10,500 troops now stationed in Morocco proper.

The problem of Spanish fishing rights was discussed in May at Rabat during the first round of talks by the permanent commission created during the Madrid conversations to explore technical problems. It was not solved, however, because the Moroccans refuse to permit any foreign trawlers within a three-mile limit and insisted on quantitative restrictions on Spanish vessels operating between three and six miles offshore. Nevertheless, an aura of mutual understanding was maintained because the war-prisoner problem was settled when King Mohamed V announced that 40 Spanish prisoners captured in Ifni and Spanish Sahara were freed and Spain pledged to return a number

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of captive Moroccan Army of Liberation fighters.

The meetings of the permanent commission next month in Madrid will probably not result in specific agreements. The Spaniards have indicated they will not discuss Ifni or

withdrawal of their troops at a top level until they obtain satisfaction on economic and juridical matters. This attitude is likely to antagonize Rabat, which is pressing for an early evacuation of the Spanish forces.

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**DE VALERA RETIRING TO IRISH PRESIDENCY**

The election on 17 June will probably mark a turning point in Ireland's political development. Prime Minister Eamon de Valera, who had dominated the Irish scene for three decades, has only token opposition for succeeding Sean O'Kelly in the ceremonial position of president. De Valera, now 77 and almost totally blind, presumably decided to retire from active political life at this time so as to have the opportunity of choosing his successor as leader of the

On the same day as the presidential election, a referendum will be held on De Valera's highly controversial bill to abolish proportional represen-



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majority party, Fianna Fail, and thus avoid a future struggle for the leadership.



DE VALERA

tation--which favors small parties--and to substitute the British system of single-seat constituencies and a nontransferable vote. De Valera fears that without his leadership Fianna Fail may lose its dominant position and Ireland may be forced into a permanent pattern of coalition government. If approved, as seems likely, the bill will encourage the opposition parties to merge and may mean the early departure

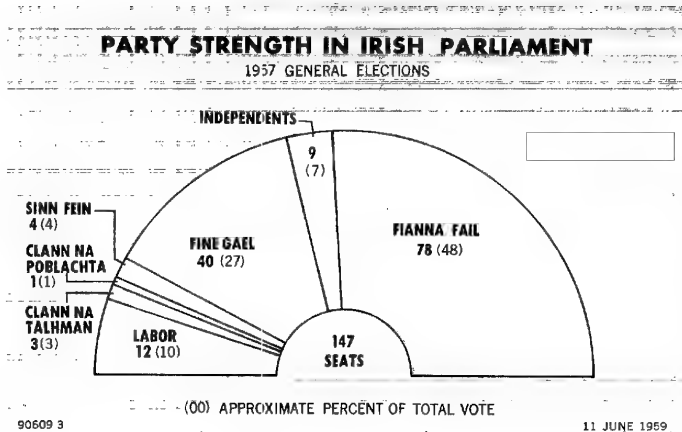
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from Parliament of various veterans whose approach to politics is still conditioned by the civil war of the early 1920s.

Sean Lemass, 60-year-old minister of transport and deputy prime minister since the 1957 general election, seems to be De Valera's choice as his successor. Lemass is given major credit for Ireland's gradually improving economic situation. Highly popular with the young, progressive party members, he is somewhat dis-trusted by the older and more conservative faction, which considers his advocacy of a planned economy too socialistic and deplores not only his moderate approach to the partition problem but also his inclination to orient Ireland's economy toward that of Britain rather than the United States.



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No immediate change in Irish policy is likely, but new political leaders, not bound by memories of the civil war, will have greater maneuverability in dealing with the country's problems. If the partition issue, for example, could be treated more objectively, various accommodations could be worked out with Britain for economic development on an island-wide scale.

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## AGRICULTURAL POLICY IN YUGOSLAVIA

In the most important policy statement on Yugoslav agriculture in two years, Vice President Kardelj reaffirmed on 5 May that Belgrade's ultimate goal in agriculture is "socialization," but he asserted that this cannot be hurried or accomplished by political coercion or "Stalinist collectivization." Kardelj subsequently emphasized to the US ambassador that the regime wishes only to break the peasant "monopoly" on agricultural production and that he believes this can be accomplished by the expansion of government-run "agricultural estates"--Yugoslavia's state farms--to cover 30 to 40 percent of the arable land. His report sug-

gested 1970 as the regime's target date, but this seems excessively optimistic at the present gradual pace.

Kardelj indicated that for the immediate future the regime hopes merely to achieve an "association" between the private peasants, who farm over 90 percent of the arable land, and co-operative buying-and-selling organizations, as well as with the existing agricultural estates. Belgrade also intends to continue making investment funds available to the private sector in order to increase agricultural production.

Belgrade feels that the correctness of its agricultural

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policy is proved by its results: 1957 was a record year, and, although a drought adversely affected the 1958 crop, production was still above Five-Year Plan expectations. If favorable weather continues, a new record crop is in prospect this year. Reflecting its confidence in its current program, the regime has informed Washington that its need for surplus US agricultural products will soon be substantially reduced.

Kardelj's report answered recent charges by the bloc that Yugoslavia is encouraging a restoration of capitalism in the countryside. "It is nonsense to measure socialism...by means

of the percentage of collectivized land," Kardelj said, since "collectivization of the Stalinist type...causes stagnation and decline in production." Rather, he said, socialism is achieved "on the basis of mutual material interest in promoting agricultural production." Referring to measures taken by the satellites such as the abolition of compulsory deliveries, Kardelj glibed that some bloc members had been forced by "socialist reality" to adopt Yugoslavia's agricultural policies--policies they had once labeled "revisionist."

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**USSR REVALUES CAPITAL EQUIPMENT**

A nationwide revaluation of fixed assets in the Soviet economy is to be carried out as of 1 January 1960, according to an official announcement of 20 May. Based on 1955 prices, the revaluation--first announced three years ago--is intended to provide more consistent and appropriate values for capital assets and is expected to result in an over-all increase in ruble valuations. Amortization rates are also expected to be increased and are to allow for greater consideration of technological obsolescence; the result will be an appreciably greater provision from enterprise funds for the replacement of fixed assets. The revaluation, the first such comprehensive program since 1925, will assist Soviet long-term planning by providing better data needed for investment decisions.

At the present time Soviet enterprises carry capital assets on the balance sheets at their original cost. The trend in the

price level has been generally upward from the early 1920s until 1949, declining thereafter. Generally speaking, therefore, those industries and enterprises which have expanded rapidly in recent years value their assets at a relatively high cost compared with those whose major expansion took place when lower prices prevailed. Differences in asset valuation and consequent difference in the amortization charges result in unequal profit rates for otherwise comparable enterprises. Furthermore, the lower amortization charges levied by the older firms provide inadequate funds for replacement.

Since 1925 there have been numerous limited revaluations of fixed assets: in the railroad industry in 1932 and 1940; in Lithuania, Latvia, and Estonia in 1941; and in the wartime occupied areas in 1945. An economy-wide sample revaluation was undertaken in 1955. A conference held in 1956 discussed

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inequities in the size of amortization payments caused by original-cost pricing and additionally the failure of amortization payments to take account of obsolescence.

The most likely effect of any increase in amortization charges will be a decline in total enterprise profits and hence in enterprise payments

to the state out of profits. The decline in state revenue would be offset in large part, however, by a reduction in state budgetary expenditure for capital investment, since a greater share than in the past would be financed from amortization accounts, and a smaller share from budgetary grants. [redacted] (Prepared by ORR)

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## PART III

PATTERNS AND PERSPECTIVES

## KHRUSHCHEV AND SOVIET IDEOLOGICAL SUPREMACY

At the Soviet 21st party congress last February, Nikita Khrushchev conferred on himself the role of first-ranking Marxist philosopher, in order to provide the international Communist movement with the ideological fountainhead it had lacked since Stalin's death. He was probably impelled to take this step in order to remove doubts as to the ideological soundness of his pragmatic domestic policies and to repair the damage done to bloc unity and Soviet leadership of world Communism by Yugoslav heresies and Chinese claims to have found in the communes a short cut to Communism.

By proclaiming at a specially summoned party congress the "full-scale" building of a Communist society in the USSR, Khrushchev set the seal of orthodoxy on his entire program and reasserted Moscow's right to doctrinal guidance of the bloc. The barrage of praise accorded his statements on the "transition to Communism" was intended primarily to portray Khrushchev as the leading Marxist theologian and to round out the image of the party first secretary as the infallible leader in all areas of Soviet life.

Khrushchev's Programs

From 1953 to the 21st party congress last January, no one in the Kremlin laid claim to the philosopher's mantle left by Stalin. Khrushchev, busy consolidating his power and then implementing his ambitious plans for economic expansion, seemed content to offer ideological justification for individual policies only as the need arose.

Even at the 20th party congress in 1956, no attempt

was made to weave Khrushchev's far-reaching doctrinal innovations into the general fabric of Marxism-Leninism or to portray their author as a philosopher. He apparently called for a comprehensive doctrinal underwriting of his programs only after his proposal to disband Soviet machine-tractor stations (MTS) had been attacked as a step away from Communism on the grounds that it strengthened a "cooperative" form of property and weakened a "socialist" form. The retort that collective farms had already become a type of socialist property satisfied the immediate political need to silence Khrushchev's critics, but failed to provide a clear-cut answer to doubts about the theoretical validity of the move.

Furthermore publication of the "heretical" Yugoslav party program, with its attacks on Soviet "state bureaucratism" and insinuations that the Soviet Union had become an ideological desert, could have stimulated additional questioning of the Khrushchev approach.

Any doubts about the doctrinal validity of Khrushchev's program therefore had to be answered. In early June, Khrushchev launched a scathing attack on Yugoslav revisionists at the Bulgarian party congress. He attempted to show that ideology was still very much alive in the Soviet Union by claiming that his policies were a practical, dynamic application of Marxism-Leninism and by asserting that theory and practice are inseparable.

Later that month, leading Soviet ideologists met in special session to examine all problems of "Communist construction" and concluded that

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Khrushchev's policies were indeed consistent with Marxist theory. On the basis of what had been accomplished in the USSR, they gave Khrushchev ideological approval, stating that the "building of Communism in the Soviet Union is nothing remote; it is the immediate and practical task of the party and people."

Chinese Problem

Having thus "proved" that he was building on a solid Marxist foundation, Khrushchev was compelled almost immediately to deal with a new and potentially more serious problem. The Chinese Communists, who announced the formation of "people's communes" in July, were claiming by August that these institutions provided a basic organizational form for the "transition to Communism." Some Chinese theoreticians implied that an agrarian China, long regarded as one of the most backward members of the bloc, would move with extreme rapidity through the stage of "socialist construction" to the "building of Communism."

In essence, the Chinese were maintaining that the heavy industrialization posited by Marxism as a primary requisite for Communism was unnecessary--at least for them. In contrast, the building of socialism in the Soviet Union, although declared completed "in the main" in 1936, had still not been finished after more than 40 years of Soviet rule and its forced-draft development of heavy industry.

Whether or not by design, the Chinese pretensions constituted an implicit challenge to Moscow's ideological leadership of the bloc and, only slightly less directly, to Khrushchev's pre-eminence in the Communist world. If Chinese claims to have found a shortcut to Communism were allowed to persist, they would

cast serious doubt on the universal validity of Soviet experience, and the attention of the world's Communists might begin to turn toward Peiping and Mao Tse-tung. This had already begun in Bulgaria, where Communist leaders seized on certain aspects of Chinese experience for use in their own program of "socialist construction."

Exactly how Moscow convinced Peiping to retreat from its position of August is not known, but Soviet displeasure became increasingly clear in the next two months. By November, Peiping had begun to back down from its more extreme claims, and in December it formally acknowledged that the building of socialism alone would require 15 to 20 more years.

Khrushchev, the Ideologist

Cumulatively, the ideological contentions which beset the bloc during 1958 showed the need for a single, living authority on doctrinal matters if the international Communist movement was to maintain the cohesive unity of purpose that had been its main strength. For Moscow this meant the reassertion of Soviet superiority and the establishment of Khrushchev as the fountainhead of ideological orthodoxy. Just when Khrushchev decided to assume the mantle of the only true prophet of the Communist faith cannot be established, but the sequence of events suggests that the exuberant claims of China's ideologists were an immediate factor in the decision.

The new Soviet Seven-Year Plan had originally been scheduled for presentation at a trade-union congress in October. The congress was postponed, however, after a plenum of the Soviet party's central committee in early September announced that the 21st congress

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defense officials to the USSR for extended periods of training.

Construction of air-raid shelters has continued, numerous civil defense manuals and some periodicals have appeared, urban evacuation has been discussed, and secrecy concerning civil defense has been relaxed--in part because of the necessity of increased publicity to encourage full public participation. As in the USSR, both praise and criticism of civil defense programs appear in the satellite press.

A system of priorities governs civil defense preparations in the Soviet bloc. Cities, factories, and other installations are assigned civil defense categories which determine the degree and type of defense to be prepared. Thus government offices, war industry, and transport and communications installations are assured earlier and more complete training and heavier shelter facilities.

**Bulgaria**

The civil defense organization in Bulgaria illustrates the principal features common to most Soviet bloc countries. An MPVO (Local Antiair Defense) staff is maintained subordinate to the Ministry of Internal Affairs. Mass civil defense training is conducted by the paramilitary DOSO (Voluntary Organization for Defense Cooperation) and the Red Cross. Since 1955 Bulgaria has had a program aimed at universal civil defense training with courses in defense against atomic and biological weapons. DOSO extended "mass" civil defense work to rural areas last fall. Use of instruction books and manuals translated or adapted from the Russian and periodic drills at industrial facilities have been reported, as well as several drills by civil defense staffs and operative groups in cities in 1957 and 1958.

Various types of air-raid shelters have been under construction for more than five years. A network of shelters, primarily for government and party officials, and military personnel, is reported complete under the central portion of Sofia, and tunnel- or gallery-type shelter construction has been noted in other principal cities. Additional shelters for government use probably have been prepared outside the urban area of the capital. New government buildings and apartment houses are said to be fitted with basement shelters as they are built.

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Czechoslovakia

A country-wide civil defense staff, some of whom have probably been specially trained in Leningrad, is subordinate to the Czechoslovak Ministry of the Interior and employs principally military personnel. Instructor training and exercises for industrial and railway workers have been conducted for several years, and by 1961 the population is scheduled to have completed universal, compulsory civil defense training. Specialists such as medical and communications personnel also are being trained for civil defense operations. A number of cities held civil defense exercises during 1957-58.

A program for providing basement refuges in new masonry buildings was in operation before 1956,

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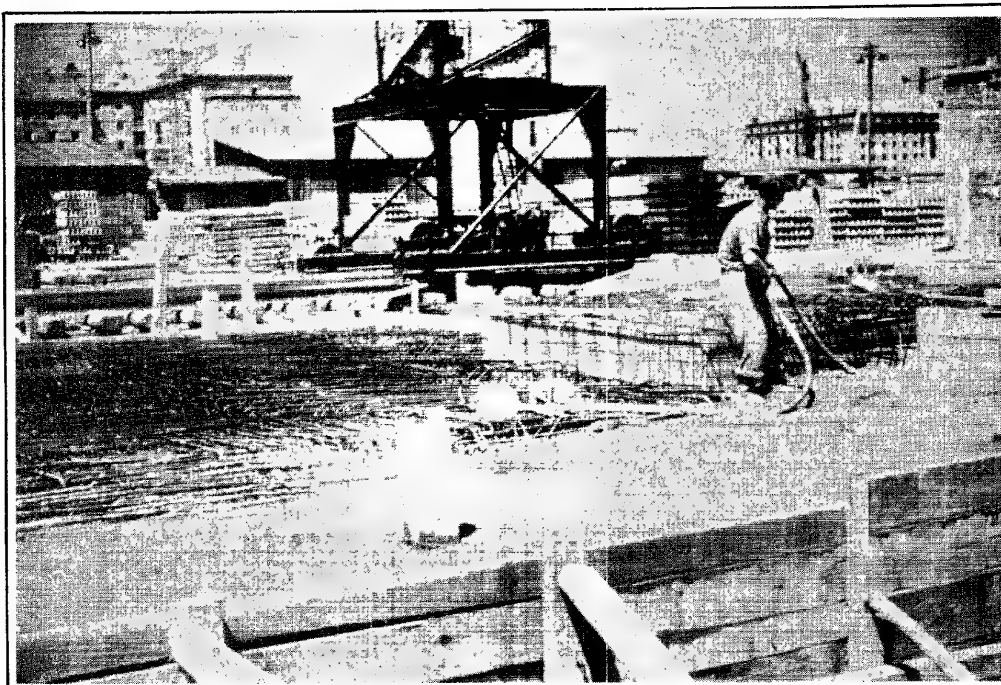
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and a 1959 publication on costs of apartment construction includes civil defense equipment among the expenses. Work continues on several large structures under the hills about Prague, and heavy underground construction is reported in other cities. Railroad control shelters, underground communications centers, and hospital-related shelters also reportedly exist.

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Poland

Informative articles on civil defense activity in Poland were published in newspapers in 1958--a type of publicity until then unknown in the Soviet bloc. These articles



CZECHOSLOVAKIA: ROOF OF BOMB SHELTER UNDER CONSTRUCTION, 1956

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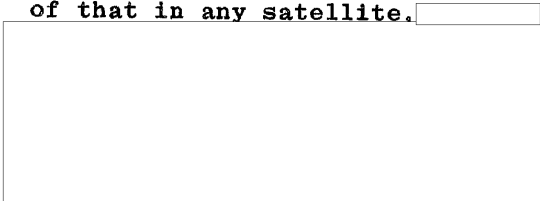
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**Hungary**

Civil defense activity in Hungary is the best documented of that in any satellite.



low-priority elements of the population remained ignorant of civil defense activity as late as 1956. A significant development of the prerevolt period was the construction of numerous heavy air-raid shelters of two principal types--deep-level galleries and tunnels, and bunker-type reinforced concrete shelters with walls up to 10 feet thick and roofs up to 15 feet thick. Basement shelters also had been prepared in new and old masonry buildings.

Contrary to what might have been expected, the regime neglected civil defense for only a short period after the uprising. Budapest introduced compulsory training in a number of schools and enterprises last year and ordered all civilians over 14 years of age to take training against atomic attack during 1958-59. Civil defense troops marched in the 1959 Liberation Day parade on 4 April and were for the first time officially identified as being subordinate to the Ministry of the Interior. Other recent developments include publication of a specialized periodical Hungarian Civil Defense in April, and a government decree in March ordering registration with civil

defense and warehousing authorities of all nonmining and non-military underground facilities.

**East Germany**

East Germany plans to develop a system very similar to those elsewhere in the bloc. Although it did not adopt basic civil defense laws until February 1958, the country did have shelters dating from World War II and some relevant postwar training in organizations like the Red Cross. Furthermore, the USSR trained East German air

**EAST GERMANY: SHELTER CHARACTERISTICS**

PROTECTION AFFORDED	SHELTER CATEGORY				
	160 YARDS	250 YARDS	350 YARDS	700 YARDS	5,500 YARDS
Blast pressure from atomic weapons (pounds per square inch)	294 or more	to 147	to 73.5	to 14.7	to .5
Direct hits from high-explosive weapons	1100-lb explosive	550-lb explosive	--	--	--
Heat and light radiation	Full protection				
Penetrating radiation	Yes	Yes	Yes	Yes	Yes
Radioactive, biological, and chemical agents	Yes	Yes	Yes	Yes	Yes
High-temperature effects of large fires	Yes	Yes	Yes	Yes	--
Weight of debris or collapsed building	Yes	Yes	Yes	Yes	Yes
Shrapnel of high-explosive or incendiary weapons	Yes	Yes	Yes	Yes	Yes
Personnel capacity of shelters	Not stated	As desired	250-500	100-150	to 40

\* Calculations by ORR & OSI

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defense officials at Leningrad in 1957.

The February 1958 laws require compliance with civil defense orders under penalty of fine, provide for public cooperation, and deal with shelter construction, local and staff organizational responsibilities, and establishment of an "Organization of Volunteer Air Raid Protection Helpers" with duties of training the general population and organizing volunteer defense groups. Since passage

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of these laws, volunteer groups have been created in state enterprises, compulsory rather than voluntary civil defense training has been instituted in schools and enterprises, the Red Cross has announced plans to train 150,000 workers for civil defense units by 1960, and emphasis in training is being placed on means of defense against atomic attack.

Protective engineering measures stipulate a series of dispersal norms for new industry, preparation of ring routes or bypasses around major cities for transport, gas, electric, and communications lines, and inclusion of shelters in new construction. Published plans call for repairing salvable World War II shelters and constructing new shelters beginning in 1960, but some important installations evidently are being furnished protection even now. Some underground terminal facilities for wire communication reportedly are ready.

Rumania

Significant reporting on civil defense in Rumania is scant, but there is evidence of some new shelter construction and modification of existing shelters from 1956 to 1958. A 1956 publication pointed to the difficulty of constructing sufficient shelters and stated that

dispersal of the population would also be used for protection against atomic attack.

In 1957 Rumania printed posters and manuals pertaining to defense against atomic attack and in 1958 compelled members of AVSAP (Voluntary Society for Aid in the Defense of the Fatherland) in at least one area of the country to take training en masse. A secret civil defense law of 1952 has been replaced by a March 1958 decree requiring service and cooperation from both individuals and "socialist" organizations.

Albania

Such civil defense activities as have been publicized in Albania are conducted by the paramilitary organization SHNUM (Society for Assistance to the Army and for Defense) and by the Red Cross. Now claiming 100,000 members, SHNUM has tripled in strength in three years, probably by requiring support of the youth organization and reserve military personnel. According to Albanian publications, SHNUM conducted chemical defense training in 1956 and atomic training in 1957. Since then there have been reports of atomic defense training for students and for the general public in some areas.

(Prepared by ORR)

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**CHINESE NATIONALIST FORCES**

Nationalist China's armed forces continued to improve during 1958, but while having a fairly high degree of initial combat readiness, are not fully ready for sustained combat. Improvement can be expected to continue, but at a slower pace, as present plans for reorganization near completion. Morale and leadership, which are believed satisfactory at present, will be increasingly difficult to maintain as the goal of a return to the mainland becomes less and less likely of fulfillment.

Capabilities

The Chinese Nationalists are considered incapable of defending Taiwan and the Penghu Islands against a determined Communist attack without American air, naval, and logistical support. The offshore islands--the Chinmen and Matsu groups--are particularly vulnerable to an air and sea blockade. American officials on Taiwan believe that in the event of an all-out Chinese Communist attack by ground, sea, and air forces the Chinese Nationalist forces could

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hold out from four days to two weeks on Chinmen Island and from four to seven days on Matsu Island.

With American aid comparable to that given during the crisis last fall, the Nationalists could hold Chinmen for at least two weeks and possibly longer. They are believed incapable of successfully defending the smaller Tan, Wuchiu, and Tungyin islands against a determined attack. Such an attack, therefore, might impel the Nationalists to retaliate with air strikes against mainland airfields and logistical and troop concentrations.

Any attempt by the Chinese Communists to interdict the off-shore islands by artillery alone probably would not be successful, as the crisis last fall demonstrated. Chinese Communist naval and air action against convoys, however, would severely limit the amount of supplies that could be brought in by sea. The maximum amount of supplies that could be delivered by air, estimated at 100 tons daily, would not meet the 320-ton needs of even the Chinmen garrison. Approximately 90 days' supply of rations and ammunition at normal rates of consumption are stockpiled on both of the off-shore island groups.

Nationalist offensive capabilities are limited, and any unilateral use of force, except in an emergency, requires a joint agreement with the United States under the terms of the Mutual Defense Treaty of 1954. In the absence of a revolt on the mainland, the Chinese Nationalists could not maintain a beachhead on the China coast. However,

they have the capability to launch commando-type operations of up to regimental size against the mainland. The heavy casualties received in the last assault in 1953 discourage such activity.

**Air Force**

The air force is the strongest non-Communist air force in Asia. It consists of 12 F-86F fighter squadrons, three F-84G jet fighter squadrons, two reconnaissance squadrons, seven C-46 and C-47 transport squadrons, one C-119 squadron, and one air-sea rescue squadron. A total of 155 fighter aircraft are equipped to fire the Sidewinder infrared air-to-air missile. All air force units except one reconnaissance squadron are combat ready, and the rate of aircraft in commission is over 70 percent. In the strait crisis last fall, outstanding pilot performance resulted in 30 MIGs destroyed against three Chinese

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Nationalist fighters lost in air-to-air combat with superior Chinese Communist formations.

The Chinese Nationalist Air Force, however, is incapable of accomplishing its primary mission--the air defense of Taiwan and the offshore islands--should the Chinese Communist Air Force fully exploit its numerical superiority. The Nationalist Air Force also lacks an all-weather capability. For defense against a night attack, the Nationalists must rely mainly on obsolete 90- and 40-mm. antiaircraft guns, although one US battalion of about 80 Nike-Hercules surface-to-air guided missiles is stationed in the Taipei area.

Aircraft dispersal facilities are limited and only eight airfields have runways capable of supporting jet fighter operations. Lack of air force - navy coordination hampers air-supported amphibious operations.

The US Military Assistance Program plans to phase out the remaining F-84Gs and modernize four fighter squadrons with 80 supersonic F-100As. Delivery of high-performance reconnaissance planes also is planned, and two high-altitude RB-57Ds and three camera-equipped F-100As already are in Nationalist hands.

Army

The army consists of 21 infantry divisions, two light armored divisions, an air-borne regiment, and a regimental-size special forces unit. These are organized along American lines, and American military doctrine is gradually winning acceptance. The army is capable of a limited defense of Taiwan and the Penghu Islands, but would be incapable of withstanding a determined invasion of the offshore islands. Twelve of the infantry divisions and the two armored divisions are on Taiwan; six divisions, an artillery group, and four light tank battalions are in the Chinmen complex; two divisions

are in the Penghus; and one is on Matsu Island. This wide separation of major commands exposes the army to piecemeal defeat.

In an effort to modernize the army, the infantry divisions are being reorganized to give better balance between infantry and artillery, to increase firepower, and to create an increased capability for sustained combat. Five infantry divisions already have undergone this process and another ten are scheduled to complete it by December 1962. The new divisions will accentuate the need for improved infantry-artillery coordination and maintenance of equipment and transport vehicles. The army, in keeping its 1949 promise of lifetime security to troops who accompanied the Nationalists to Taiwan, continues to maintain thousands of ineffective personnel.

Navy

The navy has five destroyers (DD), five escort vessels (DE), seven patrol escorts (PF), and numerous smaller ships and amphibious vessels. Most of these are former American vessels, and some are former British or Japanese ships. The navy is organized into Task Force 62, which patrols the waters of the offshore islands, and Task Force 65, which is responsible for resupply of the offshore islands.

The marine corps has conducted division-size landing exercises and is capable of conducting an amphibious operation with one division and one brigade against light opposition. Combined operations with the US Seventh Fleet, together with MAAG advice and assistance, have raised the navy's proficiency. The navy has shown considerable improvement in the supply of the offshore islands and in antisubmarine warfare tactics. Its mine-sweeping ability approaches US standards. Several vessels are almost on a par with US units in the area. However, over-all

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effectiveness is lowered by the operation of obsolete vessels and the complete lack of an air arm to support naval operations. Harbor facilities are inadequate, and heavy silting is jeopardizing effective operations.

Deficiencies

Many deficiencies continue to exist in the armed forces. Logistical training needs improvement; combined arms training is weak; personnel management procedures, although improved, need refinement. Conversion to more modern weapons will continue to be limited by the dearth of personnel with sufficient education who are familiar with machinery.

Morale and Leadership

The morale of the armed forces is good, in the opinion of most observers. The continuing crisis in the strait, which Taipei attempts to keep alive and which the Chinese Communists abet by shelling on odd days, is conducive to maintaining an esprit de corps among former mainlanders as well as Taiwanese, who compose approximately 35 percent of the armed forces. All services are subjected to continuous indoctrination to maintain support for the government's policy of "return to the mainland."

Chiang Kai-shek's main criterion when promoting senior officers is still personal loyalty rather than professional competency. Although most commanders are capable, a few are of the "war lord" type, who do not understand modern equipment and methods. Chiang occasionally

interferes directly with command functions, although this practice is becoming less frequent. During the offshore island crisis last fall, serious shortcomings in leadership were revealed at the high-command and Ministry-of-Defense level. Direct intervention by senior American personnel was necessary to force implementation of effective plans to resupply the Chinmens. However, once the problem was faced and American doctrine and concepts understood, the resupply operation was conducted efficiently.

Prospects

The present strength of the armed forces of about 636,000 men cannot be maintained for many more months without retaining Taiwanese conscripts beyond their legal terms of service. Also, additional expenditures incurred during the recent offshore islands crisis have threatened to upset the national budget and produce inflationary pressures. Some reduction in the size of each service is reportedly under consideration, but this probably would be less than 10 percent and achieved chiefly by deactivation of units not receiving US support.

The American MAAG estimates that for the next five years the Nationalists could maintain 545,000 men in service while keeping conscription at two years and holding the proportion of native Taiwanese troops at 35 percent or less. Increased efforts to maintain efficiency and morale will be necessary, however.

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would meet in January to discuss the "control figures" of the new plan. Why a special party congress was called did not become clear until November, when another party plenum--meeting to endorse Khrushchev's "theses" on the plan--revealed the leader's intent to formalize the "victory of socialism" in the USSR and to launch the Soviet Union on the "full-scale building of Communist society."

Moscow's position as arbiter of doctrine was thus reaffirmed by fiat. No other country could claim the unique distinction of being first to pass through the stage of socialism and to arrive at the dawn of Communism, thereby fulfilling the prophecies of Karl Marx.

For the Soviet people, this was calculated to show that the sacrifices of 40 years had not been in vain and, by linking Khrushchev with the transition to Communism in the same way that Stalin was associated with the building of socialism, to demonstrate once and for all the ideological soundness of Khrushchev's policies. Equally important, the November plenum set the stage for his advent as the new pontiff of Marxism-Leninism. Praise of his "theses" as important contributions to Communist theory began to appear immediately after the meeting, and was followed at the December party plenum by a propaganda build-up of Khrushchev as the benevolent and all-wise leader of the Soviet people.

The process was completed at the 21st congress, which became essentially a propaganda show. There, at the first "special" party congress in Soviet history, the final victory of socialism was celebrated and the party first secretary was acclaimed the architect of a new age and the foremost thinker of the Marxist world.

What Khrushchev actually said about doctrine appears at this point less important than the accolade his statements received. The delegates to the congress were assisted by all Soviet mass information media in heaping praise on Khrushchev. The whole amounted to a full-blown propaganda campaign intended to round out the imposing list of Khrushchev's accomplishments and to make clear that the lacuna in the ideological leadership of the world Communist movement had been filled.

Contributions to Ideology

The declaration formally launching the full-scale construction of a Communist society was intended to revitalize the transition to Communism in the USSR in addition to reasserting the status of the Soviet Union as superior to other members of the bloc. No fundamental statement of exactly where the Soviet Union stood in its march to utopia had been issued since 1936, and the question had been muted by the war and its aftermath, Stalin's death, and the political in-fighting which followed.

In view of the demonstrably great economic progress made since 1953, Soviet Communism might begin to lose its sense of direction unless such a statement were made. By announcing the beginning of Communist construction, Khrushchev showed that the nation had really been moving in the proper Marxist direction all the while, and, by conjuring up visions of a new and exciting epoch, sought to foster the enduring popular enthusiasm and social discipline which will be needed if his policies are to succeed.

Khrushchev's assumption that all socialist countries would "enter Communism more or less simultaneously," an apparent refinement of earlier Soviet

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notions that the East European zone would reach Communism first and would be followed by Asian members of the bloc, may have been put forth to smooth ruffled feelings in the Communist camp. In general, it served to quiet the spirit of competition among the socialist states. Additionally, it may have been intended to soften the blow dealt to Chinese pride by Moscow's evidently high-handed demands that Peiping withdraw its claims regarding the communes.

Communism Still Remote

It is difficult to see Khrushchev's unoriginal and orthodox formulations as well-reasoned philosophical concepts, and they were probably never intended to serve as a master plan for the ultimate achievement of Communism. Deliberately vague, they contain no tangible commitments to the Soviet people, and--at least for the present--they seem to signify only that future policies will be advanced as important new steps in Communist construction.

Certain innovations are already being touted as visible signs of the impending new age. The formation of volunteer militia units, for example, is interpreted by Soviet theorists as a step in the withering away of the state, and brigades of

"Communist labor" are said to exemplify the growing Communist consciousness of the masses. Such claims, however, do not as yet indicate that any broad new program has emerged from the Soviet entry into full-scale building of Communism. Such evidence of continuing progress toward the Marxist goal is primarily designed to keep the attention of the people riveted firmly on the tasks at hand, to elicit genuine popular support for the regime and its policies.

The USSR, according to Soviet ideologists, will reach full Communism only "when every member of society has learned to work, think, and live in a Communist manner" and when there is such material abundance that the formula "from each according to his ability, to each according to his needs" can be put into effect. The Soviet people have been warned that this stage still lies in the distant future and that fulfillment of the Seven-Year Plan can only build the "material-technical base" of Communism.

The same powers that lay down Soviet policy have the authority to say what it means in terms of Marxism-Leninism for all Communists: ultimately they will determine when Communism is reached and what it will look like.

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**CIVIL DEFENSE PREPARATIONS IN EASTERN EUROPE**

All East European satellite countries have increased civil defense preparations during the past two years. The tempo of activity and a few target dates mentioned in connection with civil defense training suggest that some predetermined level of preparedness is planned for 1960 or 1961.

The present level of preparedness varies, but three or more satellites have introduced universal, compulsory civil defense training--including measures against atomic and biological attack; have begun preparing special civil defense troops; held air-raid drills in selected cities; and sent civil

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